Building on a Tradition

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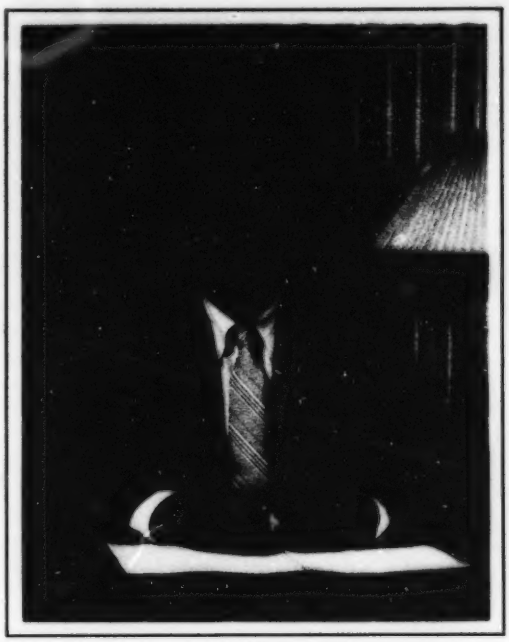
Building on a Tradition



Winnipeg, February 28, 1985

To Her Honour
The Honourable Pearl McGonigal
Lieutenant-Governor of the Province of Manitoba

May It Please Your Honour:

I have the honour to submit the Annual Report of The Manitoba Public Insurance Corporation for the year ended October 31, 1984.

Respectfully submitted,

John M. Bucklaschuk

Honourable John M. Bucklaschuk
Minister Responsible for
The Manitoba Public Insurance Corporation

Winnipeg, February 27, 1985

Honourable John M. Bucklaschuk
Minister Responsible for
The Manitoba Public Insurance Corporation

Sir:

In accordance with Section 37(1) of The Manitoba Public Insurance Corporation Act, I have the honour to present the Annual Report of The Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1984.

Respectfully submitted,

O.P. Sigurdson

Olafur P. Sigurdson,
Chairman of
The Manitoba Public Insurance Corporation

Thirteenth Annual Report

The Manitoba Public Insurance Corporation

For The Fiscal Year
Ending October 31, 1984

Contents

Transmittal Letters 1
Chairman's Message 3
President's Message 4
Board of Directors 5
Corporate Officers 6
Building on a Tradition 7
Financial Year in Review 11
Automobile Insurance Division 12
Distribution of the Dollar 12
General Insurance Division 14
Financial Statements
Statement of Operations
— Automobile Insurance Division 16
— General Insurance Division 17
Balance Sheet 18
Retained Earnings (Deficit) 20
Changes in Financial Position 21
Schedule of Expenses Incurred 22
Schedule of Investments 23
Notes to the Financial Statements 28
Auditors' Report 31
Five Year Comparison of Financial Statistics .. 32
— Automobile Insurance Division
— General Insurance Division
Administrative Offices and Claims Centres 32

Chairman's Message

The fiscal year detailed in this annual report clearly shows a corporation which has established itself as a viable and dynamic organization serving the people of Manitoba.

This was made possible, in large measure, by the efforts of the 867 employees of M.P.I.C. and the 397 agents who represent the Corporation across the province. The excellent management of the Corporation and the hard work and commitment of the employees have contributed enormously to the success that is reflected in the pages of this report.

As Chairman of the Board of Directors, I would like to thank my fellow Board members for their guidance and assistance during the past year. It was our pleasure to welcome two employees of long standing, Mr. Roland Laurin and Mr. Jim Dann, to the Board of Directors in 1984. This will foster a more positive working relationship between the Corporation and its staff.

Also joining the Board during the fiscal year were Mr. Robert Silver and Father Donald Malinowski, who replaces the Honourable Gerard Lecuyer. I would like to take this opportunity to thank Mr. Lecuyer for his past contributions to the Board.

At the close of its thirteenth year of operation, I am particularly pleased to note that M.P.I.C. has once again played a major role in the development of the provincial economy.

During the 1983-84 fiscal year, the Corporation's long-term Manitoba-based investments increased by 13.9 per cent to a total of $219.2 million. As well, M.P.I.C. continued to pay grants toward the cost of municipal and school services. As a provincial Crown Corporation, M.P.I.C. is exempt from paying levies imposed annually by cities, towns and municipalities in which the Corporation carries on business. In lieu of such levies, M.P.I.C. makes annual grants toward the cost of municipal and school services.

The Corporation has been making these grants since its establishment in 1971 and has now paid a total of three million, six hundred thousand dollars. In addition, the Corporation pays all levies assessed under The Insurance Corporations Tax Act, which amounts to $37.2 million up to October 31, 1984.

I am also pleased that M.P.I.C. continued to enhance its level of service to the public during the 1984 fiscal year. An important development in this area was the introduction of the Dial-a-Claim system in Portage la Prairie and Steinbach. This convenient claims reporting procedure is now available to the motoring public in nine locations across Manitoba.

I am honoured to be associated with this outstanding record of growth, innovation and service, and I am confident that The Manitoba Public Insurance Corporation's accomplishments will continue to be a source of pride for all residents of the province.

O.P. Sigurdson
Chairman of the Board

President's Message

During the thirteen years since its inception, The Manitoba Public Insurance Corporation has consistently demonstrated its ability to meet Manitobans' insurance needs efficiently and effectively.

As an automobile insurer, the Corporation has gained a reputation for providing the most comprehensive accident protection in North America at rates which are significantly lower than those in other jurisdictions. In the general insurance field, M.P.I.C. has grown to become one of the leading insurers in the province, offering competitive products and services which are specially tailored to the Manitoba market.

This tradition of outstanding service continued during the fiscal year ended October 31, 1984, with the Corporation recording significant gains in most areas of its operations and reporting a consolidated net profit of fourteen million dollars.

The results in the Automobile Insurance Division, which accounts for 86.3 per cent of the Corporation's total revenues, are particularly gratifying. Despite an $8.5 million increase in the cost of claims incurred, the Division ended the year with a net surplus of $18.8 million, compared with $9.7 million in the 1983 fiscal year. This encouraging performance can be attributed partly to a major increase in investment income, which rose by $5.8 million during the year. In addition, the Division's administrative expenses of 3.6 per cent of total revenues are well below industry levels, which further contributed to the Division's positive results.

As in 1983, the performance of the General Insurance Division was influenced by the same external market forces affecting most property/casualty insurers in Canada and throughout the world. The loss of $4.8 million reported by the Division in 1984 was due entirely to unsettled conditions in the international reinsurance market. The Corporation has implemented major changes in its assumed reinsurance portfolio to respond to these conditions. While having a negative impact on the 1984 year-end results, I am confident these changes will enhance the General Insurance Division's long-term financial stability and performance.

It is important to note that without the loss on assumed reinsurance operations, the Division would have reported favourable results in 1984, providing further evidence that M.P.I.C. has gained wide public acceptance in the highly-competitive general insurance market.

In conclusion, the 1983-84 financial results of the Corporation attest to the tradition of growth, financial responsibility and service that has become a hallmark of Manitoba's insurance company. As President and General Manager, I would like to thank the Corporation's Board of Directors, management, staff and agents for their invaluable assistance in building on that tradition.

C. A. Laufer
President and General Manager

Board of Directors

Olafur P. Sigurdson,
Chairman

Nancy J. Sullivan,
Vice-Chairperson

Raynald C. Labossiere

Frances Jakeman

Rev. Donald M. Malinowski

Daniel J. Werbiski

Roland R. Laurin

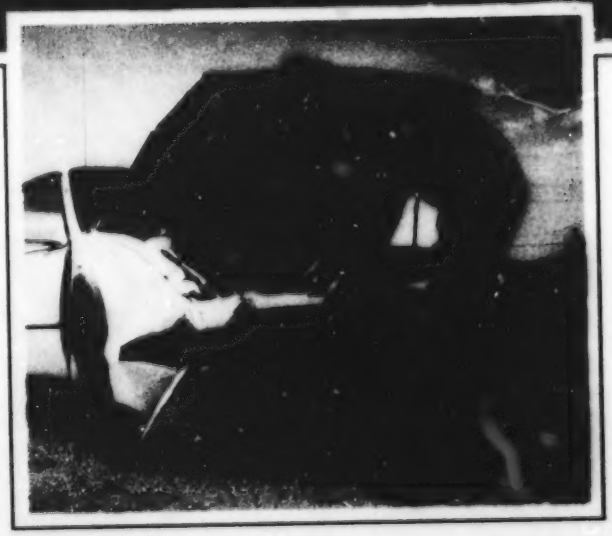
R. Jim Dann

Robert M. Silver

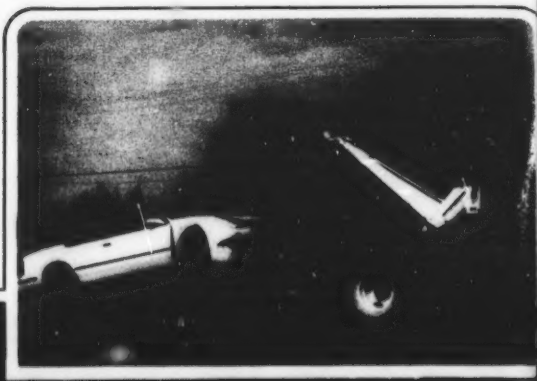
Building on a Tradition

Manitoba motorists are served by 397 agents who represent the Corporation across the province.

M.P.I.C. provides protection for all Manitobans.



During the fiscal year, M.P.I.C. processed a total of 208,000 claims.



Fast, efficient claims service is provided in all areas of Manitoba.

Claims incurred in the fiscal year reached $158.9 million.

Building on a Tradition

Over 734,000 vehicles are insured by M.P.I.C.

M.P.I.C. services generate employment in many related areas of the economy.

Autopac no-fault personal injury benefits provide superior protection.

The Financial Year in Review OCTOBER 31, 1984

The Corporation's consolidated net profit of $14.0 million for the fiscal year ended October 31, 1984, marks the fourth consecutive year in which M.P.I.C. has reported an overall surplus on its operations.

A major factor contributing to this successful record has been the financial performance of the Automobile Insurance Division, which has earned widespread recognition as a leader in providing the finest comprehensive insurance protection for motorists. The fiscal year ended October 31, 1984 was no exception, as the Division recorded a surplus of $18.8 million on total earned revenues of $220.0 million, compared with a surplus of $9.7 million on total revenues of $206.4 million for the 1983 fiscal year.

The overall financial results of the General Insurance Division, which offers a broad range of coverages in competition with other property/casualty insurers, were somewhat disappointing. It is significant, however, that the $4.8 million loss in 1984 can be attributed entirely to assumed reinsurance operations. Poor performance in international reinsurance markets has had a negative impact on the financial performance of most insurers and reinsurers.

In other areas, the General Insurance Division reported satisfactory results, despite intense competitive pressure throughout the Canadian insurance industry. An extensive media advertising campaign, combined with a general rate reduction for personal lines coverages, resulted in a marked increase in the volume of new business written during the latter part of the year. In addition, the Corporation continued to move toward a more automated policy production and management information system, which is expected to produce significant benefits in the future.

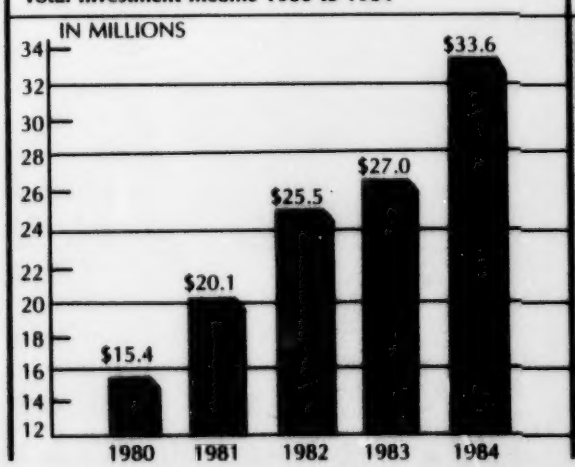
As in past years, a major increase in investment income, which accounts for approximately 13.2 per cent of M.P.I.C.'s total earned revenues, contributed significantly to the Corporation's overall financial picture. Investment income rose by $6.6 million to a total of $33.6 million in 1984. The size of the investment portfolio in 1984 grew to $295.1 million from $241.7 million in the previous year.

M.P.I.C.'s long-term investment portfolio is composed mainly of Manitoba provincial, hospital, school and municipal bonds. Reflecting the overall increase in funds available for investment in 1984, these long-term Manitoba-based holdings rose to $219.2 million from $192.4 million in 1983, thus providing an increased source of capital for provincial development. In addition, the income from investments plays an important role in reducing the cost of insurance to policyholders by increasing the amount of revenue available to the Corporation through sources other than premiums.

The value of the Corporation's assets, an important standard of financial stability, totalled $336.6 million in the 1984 fiscal year, up from $280.3 million in the previous year. Again, this growth can be attributed mainly to the increase in M.P.I.C.'s investment portfolio.

Another important reason for M.P.I.C.'s success in 1984 is the dedication and professionalism displayed by its staff. Serving the public in eleven locations across the province, the Corporation's employees have many years of combined experience in all aspects of the insurance business, from underwriting to claims, from marketing to loss prevention. In addition to reinvesting a total payroll of $23.2 million in the Manitoba economy, M.P.I.C. employees are respected members of their communities, making substantial contributions to the economic and social life of cities, towns and villages in which they reside.

Total Investment Income 1980 to 1984



Where M.P.I.C.'s Funds are Invested

Investment Category	Amount Invested (Thousands of $)	% of Total
Provincial:		
Province of Manitoba	$ 89,716	37
Manitoba Hydro-Electric Board	22,842	9
Manitoba Telephone System	21,842	9
Ontario Hydro-Electric Commission	6,921	3
Hospitals	37,953	16
Municipal	30,487	13
Schools	16,338	7
Federal	14,832	6
TOTAL	$240,931	100

Automobile Insurance Division

The year end results of the Automobile Insurance Division again reflect the sound financial management practices which have enabled the Corporation to fulfill its responsibilities to Manitoba motorists capably and efficiently.

Paramount among these responsibilities is the provision of a comprehensive package of vehicle insurance coverages, as well as extensive no-fault accident benefits. These benefits include total disability payments of up to $300 per week; partial disability payments of up to $60 per week; medical and rehabilitative expenses to a maximum of $20,000; impairment payments to a maximum of $20,000; funeral expenses to a maximum of $1,500; and death payments varying from $2,000 to an unlimited amount, depending on the age, marital status and the number of surviving dependents. They provide unequalled no-fault compensation for Manitoba motorists and their passengers for injuries suffered in motor vehicle accidents.

At the same time, the sound financial position of the Automobile Insurance Division has produced significant benefits for Manitobans in the form of vehicle insurance premiums which are, on the average, the lowest in North America. In each of the past three years, for example, rate increases for basic and extension Autopac coverage have been considerably lower than the annual inflation rate, despite continuing increases in claims costs and expenses. As well, the Corporation has announced rate reductions averaging two per cent for most vehicles, effective March 1, 1985, at a time when insurance premiums are increasing in most other jurisdictions.

During the 1983/84 fiscal year, the Division processed a total of 208,000 claims, compared with 195,000 in the previous year. Claims incurred were $158.9 million, while total expenses amounted to $42.3 million.

Premiums earned of $189.9 million, together with investment income of $30.1 million, produced total revenues of $220.0 million. This resulted in a total surplus of $18.8 million for the fiscal year ended October 31, 1984.

The surplus enabled the Corporation to increase its rate stabilization reserve by $7.8 million, its catastrophes reserve by $10.0 million and its contingencies reserve by $1.0 million. These reserves, which can be used to increase benefits or to protect policyholders from dramatic increases in future claims costs or other unforeseen expenditures, are vital to the financial stability of the Corporation. This is especially important in Manitoba's unpredictable climate, where sudden and violent storms can cause widespread property damage.

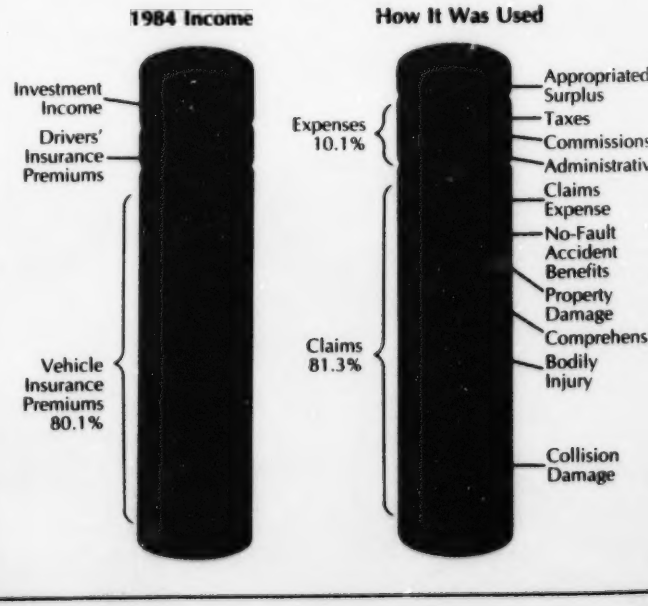
Throughout its thirteen year history, service to the public has been an important cornerstone of the Automobile Insurance Division. Further advances were made in this area in 1984, as the Corporation added a drive-in facility to its claims offices in Thompson and Winkler. In addition, plans were made to construct a new drive-in claims centre in Winnipeg and to expand facilities at existing centres in Winnipeg and Flin Flon.

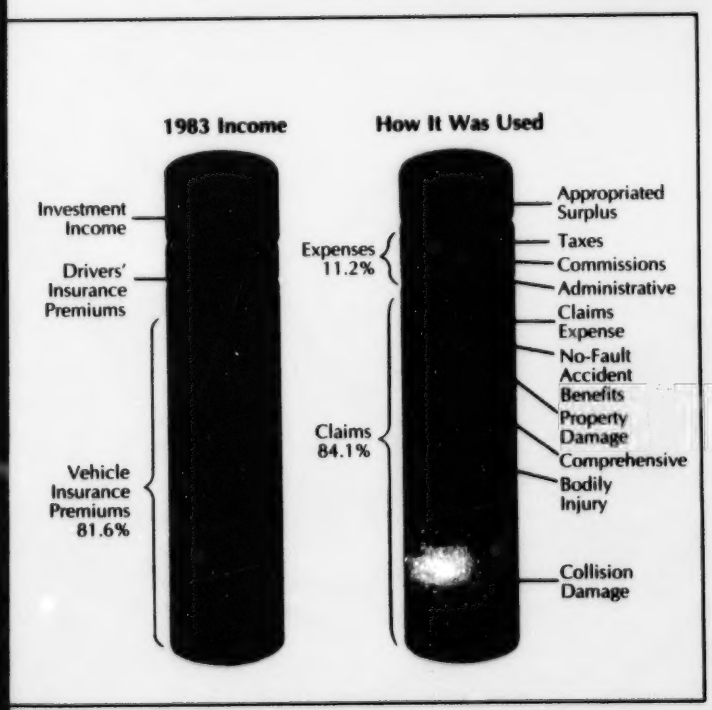
Winnipeg's fifth drive-in claims centre will be located at 1103 Pacific Avenue and will enable staff to provide more efficient service to claimants in the north-central area of the city, as well as to those served by existing centres. The new centre, which is expected to open in the fall of 1985, will have a full-time staff of about fifty persons.

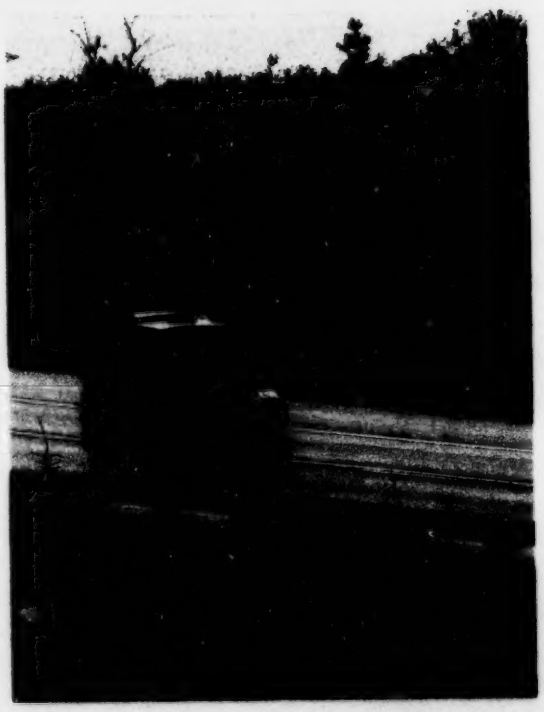
A major expansion program is being carried out at three of the Corporation's four existing drive-in claims centres in Winnipeg, as well as the Salvage Centre, where total-loss vehicles are sold by public auction.

M.P.I.C.'s extensive traffic safety education program further demonstrates the Corporation's strong commitment to public service. In addition to creating a greater awareness of traffic safety through its continued involvement in the ALIVE campaign, M.P.I.C. has assumed a major portion of the costs of high school driver education. Commencing in September, 1984, the Corporation began contributing $110 of the total course cost of $163 per student for this important program. It is expected that this commitment, which will cost about $1 million annually, will pay long-term dividends by having safer drivers on the road in the future.

Distribution of the Dollar




1983 Income
How It Was Used
Investment Income
Drivers' Insurance Premiums
Vehicle Insurance Premiums 81.6%
Expenses 11.2%
Claims 84.1%
Appropriated Surplus
Taxes
Commissions
Administrative
Claims Expense
No-Fault Accident Benefits
Property Damage
Comprehensive
Bodily Injury
Collision Damage



General Insurance Division

During 1984, two important developments in the national and international insurance markets had an adverse impact on the operations of the General Insurance Division.

First, intense competition among property/casualty insurers in Canada continued to exert pressure on the Corporation's personal lines and commercial books of business. Although market conditions improved marginally during the year, extensive rate cutting and a general erosion of underwriting standards still threatened the financial viability of a number of insurers.

Throughout this period, M.P.I.C. has adhered to a responsible pricing and marketing strategy without compromising the financial stability of the Corporation by downgrading underwriting criteria or reducing rates to unrealistic levels. This strategy has strengthened the General Insurance Division's performance over the past several years, enabling M.P.I.C. to offer a full range of comprehensive insurance protection at competitive rates, while at the same time maintaining acceptable underwriting standards.

This was particularly evident in the personal lines portfolio, where positive underwriting results made it possible to implement a general rate reduction in August, 1984, further enhancing M.P.I.C.'s position in the highly-competitive Manitoba market.

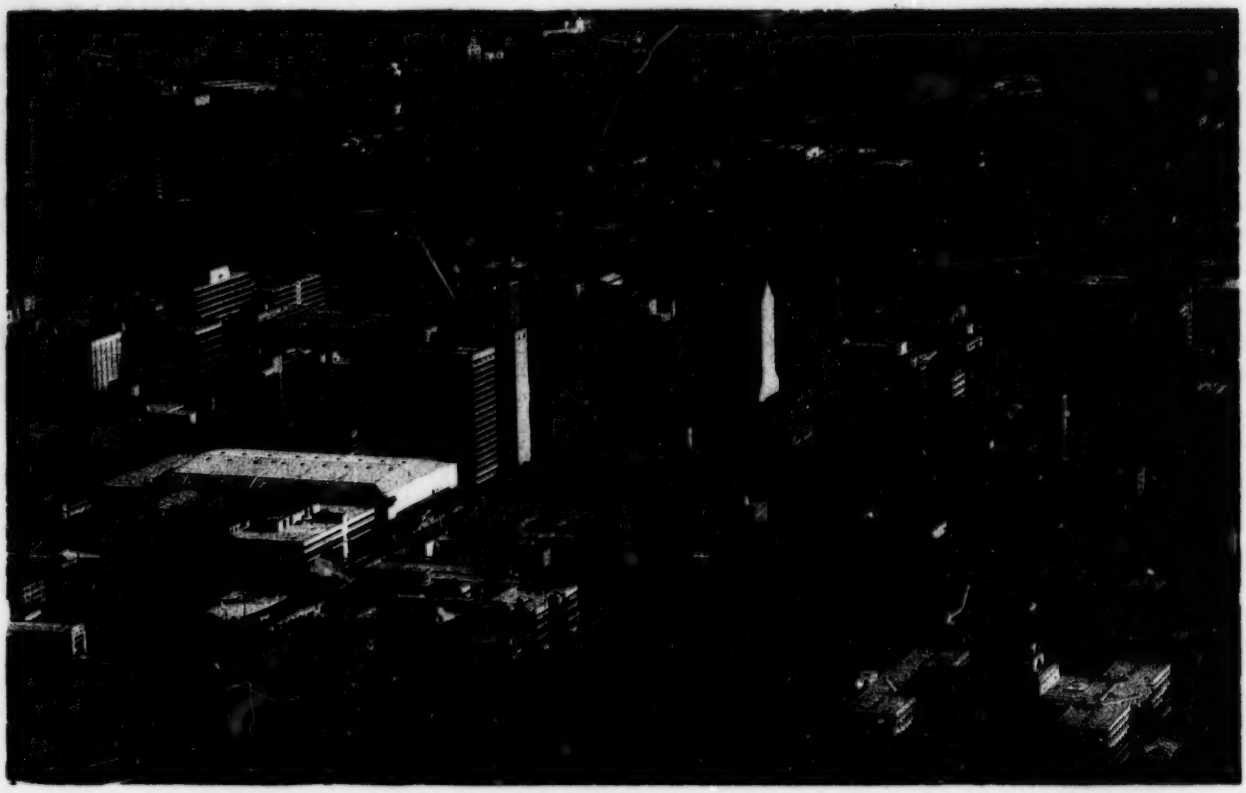
A multi-media advertising campaign was also introduced in 1984 to support the marketing efforts of the Corporation's agents by establishing a "brand name" loyalty for M.P.I.C. products among existing and potential clients. Based on the theme of "Name Brand Insurance", the campaign reached a broad cross-section of the insurance-buying public through the use of various advertising media. Public response to the campaign was encouraging, with many clients contacting agents to enquire about M.P.I.C. products and services. As a result, the number of personal lines policies in force rose substantially during the three-month campaign.

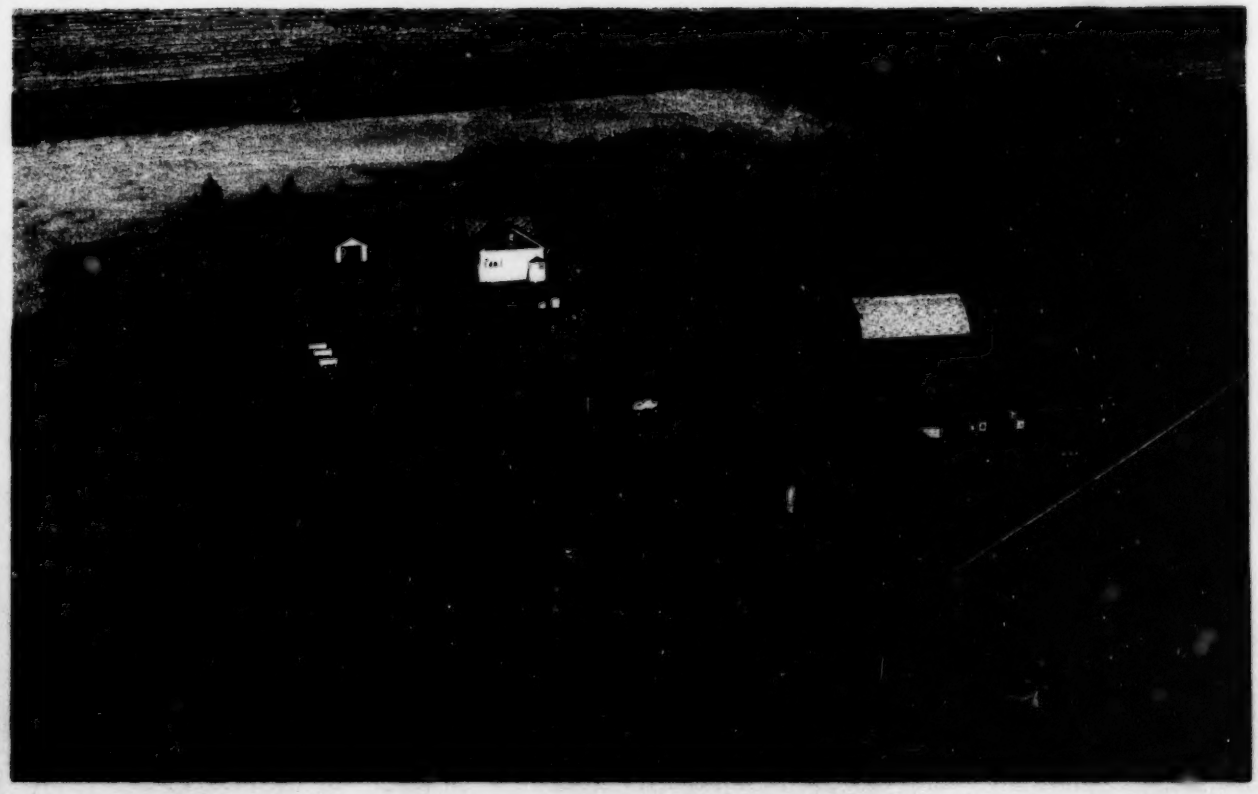
Unfortunately, the progress made in the General Insurance Division was more than offset by unsettled conditions in the international resinsurance market. Reinsurance is the practice of insuring the risks of other insurance companies and is carried out by many insurers in the property/casualty market.

Companies may assume the risks of other companies in exchange for a premium (assumed reinsurance) or, upon payment of a premium, may transfer a portion of their own risks to other insurers (ceded reinsurance). In this way, insurance companies can reduce their exposure to large claims by passing on a portion of their risks to a pool of other insurers.

Many reinsurance contracts are placed through international markets, which have the capacity to handle large volumes of business by spreading the risk among many companies. Unfortunately, poor market conditions have hampered the performance of M.P.I.C.'s international reinsurance business. In view of this, the Corporation decided in 1984 to change the focus of its reinsurance portfolio from an internationally-oriented book of business to a Canadian one. Incurred losses in the international reinsurance portfolio account for the entire $4.8 million operating loss reported by the General Insurance Division for the 1984 fiscal year. It is expected, however, that the shift to a more domestically-oriented reinsurance portfolio will lead to improved results in the long term.

Another major development in 1984 was the transfer of the Corporation's Special Risks Extension (S.R.E.) portfolio from the Automobile Insurance Division to the General Insurance Division. This change was made to conform with reporting practices in use throughout the rest of the insurance industry. The S.R.E. portfolio includes insurance coverages which are not available through the Autopac plan.





Statement of Operations - Automobile Insurance Division

For the Year Ended October 31, 1984

(Thousands of $)

	1984	1983
REVENUE		
Premiums Written	$195,371	$186,206
Premiums Earned	$189,956	$182,131
Investment Income	30,067	24,277
Total Earned Revenues	$220,023	$206,408
CLAIMS COSTS		
Claims Incurred	$158,930	$154,765
Claims Expense — Schedule 1	19,922	18,746
	$178,852	$173,511
EXPENSES — Schedule 1		
Administrative	$ 7,987	$ 8,860
Commissions	8,593	8,778
Premium Taxes	5,746	5,516
	$ 22,326	$ 23,154
Total Claims and Expenses	$201,178	$196,665
Net Profit for the Year — Statement 4	$ 18,845	$ 9,743

Statement of Operations - General Insurance Division

For the Year Ended October 31, 1984

(Thousands of $)

	1984	1983
REVENUE		
Premiums Written	$32,671	$23,056
Premiums Earned	$31,466	$22,547
Investment Income	3,548	2,733
Total Earned Revenues	$35,014	$25,280
CLAIMS COSTS		
Claims Incurred	$26,191	$14,730
Claims Expense — Schedule 1	1,275	932
	$27,466	$15,662
EXPENSES — Schedule 1		
Administrative	$ 4,882	$ 3,334
Commissions	6,519	5,631
Premium Taxes	962	659
	$12,363	$ 9,624
Total Claims and Expenses	$39,829	$25,286
Net Loss for the Year — Statement 4	$(4,815)	$ (6)

Balance Sheet As At October 31, 1984

Assets

(Thousands of $)

	1984	1983
Cash and investments maturing within one year (Note 4)	$ 54,154	$ 47,934
Accounts receivable (Note 5)	20,334	18,968
Prepaid expenses and inventories	960	871
Deferred premium acquisition costs	7,990	7,252
Investments — Schedule 2	240,931	193,791
Property and equipment (Note 6)	8,187	7,975
Organizational expenses (Note 7)	4,031	3,539
	$336,587	$280,330

On Behalf of the Board

Chairman

Vice-Chairperson

Liabilities and Retained Earnings (Deficit)

(Thousands of $)

	1984	1983
General accounts payable	$ 2,482	$ 2,398
Provision for accrued charges	13,017	10,687
	$ 15,499	$ 13,085
Automobile Insurance Division		
Accounts payable and accrued charges	$ 5,143	$ 5,088
Unearned premiums	69,760	67,319
Unpaid claims	147,096	121,870
Retained earnings — Statement 4	61,944	43,099
	$283,943	$237,376
General Insurance Division		
Accounts payable and accrued charges	$ 868	$ 694
Unearned premiums	11,290	7,113
Unpaid claims	25,490	17,750
(Deficit) retained earnings — Statement 4	(503)	4,312
	$ 37,145	$ 29,869
	$336,587	$280,330

Statement of Retained Earnings (Deficit)

For the Year Ended October 31, 1984

(Thousands of $)

	1984	1983
AUTOMOBILE INSURANCE DIVISION		
Unappropriated retained earnings at the beginning of the year	$ —	$ —
Net profit for the year — Statement 1	18,845	9,743
Transfer to reserve for catastrophes	(10,000)	(6,500)
Transfer to reserve for contingencies	(1,000)	(1,450)
Transfer to reserve for rate stabilization	(7,845)	(1,793)
Unappropriated retained earnings at the end of the year	$ —	$ —
Appropriated retained earnings		
Reserve for catastrophes (Note 8)	$ 38,500	$ 28,500
Reserve for contingencies (Note 8)	6,000	5,000
Reserve for rate stabilization (Note 9)	17,444	9,599
	$ 61,944	$ 43,099
Total retained earnings — Statement 3	$ 61,944	$ 43,099
GENERAL INSURANCE DIVISION		
Unappropriated retained earnings at the beginning of the year	$ 312	$ 318
Net loss for the year — Statement 2	(4,815)	(6)
Transfer from reserve for catastrophes and contingencies	4,000	—
(Deficit) unappropriated retained earnings at the end of the year	$ (503)	$ 312
Appropriated retained earnings		
Reserve for catastrophes and contingencies (Note 8)	$ —	$ 4,000
Total (deficit) retained earnings — Statement 3	$ (503)	$ 4,312

Statement of Changes in Financial Position

For the Year Ended October 31, 1984

(Thousands of $)

	1984	1983
RESOURCES PROVIDED		
Net profit for the year — Statement 1 and 2	$ 14,030	$ 9,737
Adjustments to convert net profit to a cash basis:		
Increase in unearned premiums	6,618	4,585
Increase in unpaid claims	32,966	30,581
Depreciation and amortization	840	802
Increase in accounts receivable, prepaid expenses and inventories and deferred premium acquisition costs	(2,193)	(2,949)
Increase in accounts payable and accrued charges	2,643	3,127
Proceeds from disposal of property and equipment	12	40
	$ 54,916	$ 45,923
RESOURCES APPLIED		
Acquisition of property and equipment	$ 779	$ 419
Organizational expenses	777	821
Net change in resources available for investment	$ 53,360	$ 44,683
CHANGE IN RESOURCES		
Increase (decrease) in cash and short term investments	$ 6,220	$ (11,305)
Increase in long term investments	47,140	55,988
	$ 53,360	$ 44,683

Schedule of Expenses Incurred

For the Year Ended October 31, 1984

(Thousands of $)

	1984	1983
Amortization of organizational expenses	$ 285	$ 285
Bad debts	29	82
Commissions	15,112	14,409
Data processing	1,670	1,961
Depreciation and amortization	555	517
Employee travel and sustenance allowance	501	452
Grants in lieu of levies	473	464
Health and education tax	351	323
Premium taxes	6,708	6,175
Rent	1,278	1,308
Salaries and employee benefits	25,479	24,038
Other administrative expenses	4,512	2,882
Less net recovery from The Division of Driver & Vehicle Licencing (Note 10)	(1,067)	(440)
Total expenses incurred	$55,886	$52,456
Allocation:		
Automobile Insurance Division — Statement 1		
Claims expense	$19,922	$18,746
Administrative expense	7,987	8,860
Commissions	8,593	8,778
Premium Taxes	5,746	5,516
	$42,248	$41,900
General Insurance Division — Statement 2		
Claims expense	$ 1,275	$ 932
Administrative expense	4,882	3,334
Commissions	6,519	5,631
Premium Taxes	962	659
	$13,638	$10,556
Total	$55,886	$52,456

Schedule of Investments AS AT OCTOBER 31, 1984

Description of Securities	Par Value	Book Value
Federal:		
Government of Canada	$ 15,000,000	$ 14,832,000
Provincial:		
Province of Manitoba	$ 90,152,000	$ 89,716,000
Manitoba Hydro-Electric Board	24,502,000	22,842,000
Manitoba Telephone System	22,449,000	21,842,000
Ontario Hydro-Electric Commission	8,500,000	6,921,000
	$145,603,000	$141,321,000
Hospitals:		
Baldur Hospital District	$ 175,000	$ 175,000
Brandon General Hospital	1,876,000	1,861,000
Boissevain Hospital District	737,000	737,000
Carman Memorial Hospital District No. 20	230,000	230,000
Dauphin General Hospital	60,000	60,000
Deloraine Hospital District No. 14	552,000	552,000
The De Salaberry Hospital District No. 27A	179,000	179,000
Flin Flon General Hospital	600,000	600,000
Gimli Hospital District #39	431,000	431,000
Grace General Hospital	847,000	685,000
Grandview Hospital District No. 3B	4,000	4,000
Hamiota Hospital District #7A	84,000	84,000
Health Sciences Centre	1,682,000	1,602,000
Hunter Memorial Hospital District #33	1,126,000	1,126,000
Lakeshore General Hospital District #34A	40,000	40,000
Lynn Lake Hospital District #38	115,000	115,000
Manitoba Hospital Capital Financing Authority	3,210,000	3,210,000
Minnedosa Hospital District #8	52,000	52,000
Misericordia General Hospital	526,000	526,000
Morden Hospital District #21	583,000	583,000
Neepawa Hospital District #9	310,000	310,000
Pine Falls General Hospital	240,000	240,000
Portage Hospital District #18	495,000	495,000
Roblin Health Centre District	768,000	768,000
Russell Hospital District #8	400,000	400,000
St. Anthony's General Hospital — The Pas	600,000	600,000
St. Boniface General Hospital	40,000	33,000
Ste. Anne Hospital District No. 26A	1,854,000	1,854,000
Seven Oaks General Hospital	2,630,000	2,088,000
Steinbach Hospital District #27	91,000	75,000
Swan River Hospital District #1	406,000	406,000
Thompson General Hospital	1,429,000	1,402,000
Tri-Lake Hospital District #15	46,000	46,000

Schedule of Investments AS AT OCTOBER 31, 1984, CONTINUED

Description of Securities	Par Value	Book Value
Hospitals:		
Victoria General Hospital	1,335,000	1,320,000
Victoria South Norfolk-Treherne Hospital District	203,000	203,000
Winkler General Hospital	65,000	54,000
Winkler Hospital District No. 23	445,000	445,000
Winnipeg General Hospital	113,000	91,000
Winnipegosis General Hospital Inc.	170,000	170,000
Baldur Manor	311,000	311,000
Betel Home Foundation — Gimli	132,000	132,000
Betel Home Foundation — Selkirk	402,000	402,000
Bethania Mennonite Personal Care Home Inc.	70,000	70,000
Birtle Health Services District	469,000	469,000
Birtle Personal Care Home Inc.	31,000	31,000
B.M.W. Health Facilities Inc.	48,000	48,000
Dauphin Personal Care Home Inc.	368,000	368,000
Ebenezer Home For The Aged	522,000	522,000
Fairview Home Inc.	62,000	62,000
Flin Flon Personal Care Home Corp.	965,000	965,000
Foyer Notre Dame Inc.	13,000	13,000
Goodwin Lodge Inc.	100,000	100,000
Holy Family Nursing Home-Sister Servants of Mary Immaculate	776,000	776,000
Lakeview Senior Citizens Home	16,000	16,000
Lorne Memorial Medical Nursing Unit No. 190	164,000	164,000
Manitoba Baptist Home Society Inc.	52,000	52,000
Manoir De Ste. Claude	164,000	164,000
McCreary/Alonsa Health Centre	14,000	14,000
McCreary/Alonsa Personal Care Home Inc.	116,000	116,000
Middlechurch Home of Winnipeg	26,000	26,000
Mount Carmel Clinic	1,946,000	1,946,000
North Norfolk MacGregor Medical Nursing Unit District No. 18A	309,000	309,000
Portage la Prairie Lions Care Hostel Inc.	159,000	159,000
Red River Valley Lodge Inc. Emerson	40,000	40,000
Riverdale Health Services District	173,000	173,000
Riverdale Personal Care Home	154,000	154,000
Rock Lake Health District	955,000	955,000
Rock Lake Personal Care Home Inc.	235,000	235,000
Rosewood Lodge Inc.	61,000	61,000
Rossburn District Health Centre	675,000	675,000
St. Joseph's Residence	784,000	784,000
Shoal Lake/Strathclair Health Centre	134,000	134,000
Sister Servants of Mary Immaculate — St. Paul's Home	65,000	65,000

Schedule of Investments AS AT OCTOBER 31, 1984, CONTINUED

Description of Securities	Par Value	Book Value
Hospitals:		
Snow Lake Medical Nursing Unit District #40	684,000	684,000
Stonewall & District Health Centre	247,000	247,000
Swan River Valley Lodge	40,000	40,000
Tache Nursing Centre	897,000	897,000
The Pas Health Complex Inc.	957,000	957,000
Tiger Hills Manor Inc.	15,000	15,000
Wawanesa & District Health Centre	46,000	46,000
Wawanesa Personal Care Home	260,000	260,000
Winnipeg Presbytery Society For Senior Citizens Homes In Winnipeg	80,000	80,000
Winnipegosis-Mossy River Personal Care Home Inc.	364,000	364,000
	$ 38,850,000	$ 37,953,000
Schools:		
Antler River School Division No. 43	$ 114,000	$ 114,000
Assiniboine South School Division No. 3	99,000	99,000
Beautiful Plains School Division No. 31	58,000	58,000
Churchill School District No. 2264	49,000	49,000
Dauphin-Ochre School Area #1	1,697,000	1,697,000
Flin Flon School Division #46	618,000	618,000
Fort Garry School Division No. 5	133,000	133,000
Frontier School Division No. 48	158,000	158,000
Garden Valley School Division No. 26	2,249,000	2,249,000
Hanover School Division #15	195,000	195,000
Interlake School Division #21	390,000	390,000
Lakeshore School Division No. 23	341,000	341,000
Leaf Rapids School Division #2460	244,000	244,000
Lord Selkirk School Division No. 11	366,000	366,000
Morris-MacDonald School Division No. 19	292,000	292,000
Mystery Lake School Division No. 2355	1,556,000	1,556,000
Norwood School Division No. 8	69,000	69,000
Portage la Prairie School Division #24	790,000	789,000
Rhineland School Division #18	200,000	199,000
River East School Division #9	769,000	769,000
St. James-Assiniboia School Division #2	212,000	212,000
St. Vital School Division #6	1,867,000	1,867,000
Seine River School Division #14	1,684,000	1,684,000
Seven Oaks School Division #10	221,000	221,000
South Winnipeg Vocational Education Centre	990,000	990,000
Transcona School Division #39	109,000	109,000
Western School Division #47	118,000	118,000
Winnipeg School Division No. 1	752,000	752,000
	$ 16,340,000	$ 16,338,000

Schedule of Investments AS AT OCTOBER 31, 1984, CONTINUED

Description of Securities	Par Value	Book Value
Municipal:		
City of Brandon	$ 1,875,000	$ 1,750,000
City of Flin Flon	1,818,000	1,818,000
City of Portage la Prairie	4,019,000	3,982,000
City of St. Boniface	10,000	8,000
City of St. Vital	81,000	72,000
City of Transcona	281,000	253,000
City of Winnipeg	5,513,000	5,183,000
Metro Corp. of Greater Winnipeg	497,000	392,000
Town of Altona	560,000	560,000
Town of Birtle	74,000	73,000
Town of Boissevain	47,000	45,000
Town of Brandon	96,000	92,000
Town of Carman	512,000	512,000
Town of Dauphin	263,000	263,000
Town of Deloraine	388,000	388,000
Town of Emerson	321,000	321,000
Town of Gimli	33,000	33,000
Town of Gladstone	271,000	271,000
Town of Grandview	190,000	190,000
Town of Hartney	13,000	11,000
Town of Killarney	313,000	313,000
Town of Melita	365,000	365,000
Town of Minnedosa	270,000	258,000
Town of Morden	478,000	477,000
Town of Morris	263,000	263,000
Town of Neepawa	494,000	494,000
Town of Rapid City	109,000	109,000
Town of Rivers	60,000	53,000
Town of Roblin	231,000	228,000
Town of Russell	209,000	209,000
Town of Selkirk	580,000	575,000
Town of Snow Lake	96,000	96,000
Town of Steinbach	1,897,000	1,869,000
Town of Stonewall	275,000	275,000
Town of Swan River	626,000	626,000
Town of The Pas	22,000	21,000
Town of Tuxedo	118,000	107,000
Town of Virden	239,000	239,000
Town of Winkler	287,000	285,000
Town of Winnipeg Beach	64,000	64,000
Village of Arborg	83,000	83,000
Village of Benito	41,000	41,000
Village of Binscarth	76,000	76,000
Village of Gilbert Plains	13,000	12,000

Schedule of Investments AS AT OCTOBER 31, 1984, CONTINUED

Description of Securities	Par Value	Book Value
Municipal:		
Village of Glenboro	12,000	11,000
Village of Gretna	23,000	23,000
Village of Hamiota	27,000	27,000
Village of Lac du Bonnet	178,000	178,000
Village of MacGregor	92,000	92,000
Village of Manitou	133,000	133,000
Village of Pilot Mound	116,000	116,000
Village of Riverton	8,000	8,000
Village of Rossburn	52,000	52,000
Village of Shoal Lake	92,000	92,000
Village of Somerset	44,000	44,000
Village of Ste. Anne	8,000	8,000
Village of St. Pierre-Jolys	285,000	285,000
Village of Winnipegosis	81,000	81,000
Rural Municipality of Albert	9,000	9,000
Rural Municipality of Assiniboia	11,000	10,000
Rural Municipality of Brenda	53,000	53,000
Rural Municipality of Brokenhead	242,000	242,000
Rural Municipality of Cartier	11,000	11,000
Rural Municipality of Charleswood	81,000	74,000
Rural Municipality of Edward	153,000	153,000
Rural Municipality of Hanover	246,000	246,000
Rural Municipality of La Broquerie	25,000	25,000
Rural Municipality of MacDonald	384,000	384,000
Rural Municipality of Montcalm	105,000	105,000
Rural Municipality of Morris	589,000	589,000
Rural Municipality of Morton	15,000	15,000
Rural Municipality of North Norfolk	147,000	147,000
Rural Municipality of Ritchot	448,000	448,000
Rural Municipality of Rockwood	90,000	90,000
Rural Municipality of Roland	121,000	121,000
Rural Municipality of Ste. Rose	20,000	20,000
Rural Municipality of Siglunes	152,000	152,000
Rural Municipality of Springfield	29,000	29,000
Rural Municipality of Strathcona	15,000	15,000
Rural Municipality of Tache	26,000	26,000
Rural Municipality of Thompson	42,000	42,000
Rural Municipality of Whitewater	26,000	26,000
Local Government District of Consol	395,000	395,000
Local Government District of Leaf Rapids	2,555,000	2,555,000
	$ 31,212,000	$ 30,487,000
	$247,005,000	$240,931,000

Notes to the Financial Statements

OCTOBER 31, 1984

1. *Status of the Corporation.*
   The Manitoba Public Insurance Corporation was incorporated as a Crown Corporation under The Automobile Insurance Act in 1970. In 1974 The Automobile Insurance Act was revised and became The Manitoba Public Insurance Corporation Act (Chapter A180, of the continuing consolidation of the statutes of Manitoba).
   Under the provisions of its Act, the Corporation conducts a comprehensive automobile program and general insurance business. For financial accounting purposes the automobile and general insurance divisions are regarded as separate operations.
   A change to The Manitoba Public Insurance Corporation Act permitted, effective November 1, 1983, the general insurance division to include the automobile special risk extension business. For the fiscal year ended October 31, 1984, the special risk extension business generated a net profit of $1.6 million. The liabilities for the special risk extension business to October 31, 1983 remain the responsibility of the automobile insurance division.

2. *Basis of Reporting.*
   The financial statements of the Corporation are in such form as prescribed by Section 37(1) of The Manitoba Public Insurance Corporation Act and are presented in accordance with generally accepted accounting principles.

3. *Summary of Significant Accounting Policies.*
   This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

Notes to the Financial Statements

CONTINUED

Deferred Premium Acquisition Costs.
Commissions and premium taxes are charged to expense over the terms of the insurance contracts to which such costs relate.

Investments.
Bonds and debentures are carried at cost plus accumulated amortization of discounts and premiums. The applicable discounts and premiums are amortized over the life of the investment.

Depreciation and Amortization.
Depreciation and amortization is provided on a straight-line basis at rates which will amortize the original cost over the estimated useful life of each asset. The annual rates are:

Buildings	2.5%
Organizational expenses	5.0%
Equipment	10.0%
Data processing equipment	20.0%
Automotive equipment	20.0%

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

Pension Plan.
The employees of the Corporation are subject to the Civil Service Superannuation Act. The Corporation provides for the employer's future pension liability which is fully funded on an indexed basis.

Unearned Premiums.
The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Unpaid Claims.
Unpaid claims include a provision for reported unpaid claims, an estimate for unreported claims and a provision for future claims adjusting costs for reported and unreported claims.

Investment Income.
The investment income has been allocated to the automobile and general insurance divisions based on a monthly averaging of the funds available within each division.

Expenses.
The Corporation allocates expenses incurred to the automobile and general insurance divisions on the following basis:

i) Identifiable direct expenses are charged to each division.

ii) Where direct allocation is impractical, expenses are allocated to each division based on a proration approved by the Corporation's Board of Directors.

4. a) *Cash and Investments Maturing Within One Year.*

	1984	1983
	(Thousands of $)	
Cash and Investment Certificates	**$48,023**	$42,881
Bonds and Debentures	**6,131**	5,053
	$54,154	$47,934

b) As at October 31, 1984 the Corporation has committed $16.0 million (1983 - $17.0 million) for the purchase of various Manitoba long term securities.

Notes to the Financial Statements
CONTINUED

5. *Accounts Receivable.*

	1984		1983	
	Subrogation	Other	Subrogation	Other
	(Thousands of $)			
Accounts receivable	$ 6,815	$17,668	$ 5,854	$16,434
Less allowance for doubtful accounts	3,887	262	3,050	270
	$ 2,928	$17,406	$ 2,804	$16,164

6. *Property and Equipment.*

The cost of major classes of property and equipment and the related accumulated depreciation and amortization are:

	Cost	Accumulated Depreciation and Amortization	Net Book Value 1984	Net Book Value 1983
	(Thousands of $)			
Land	$ 1,635	$ —	$ 1,635	$ 1,328
Buildings	5,870	1,246	4,624	4,704
Equipment	2,596	1,456	1,140	1,051
	$10,101	$ 2,702	$ 7,399	$ 7,083
Leasehold improvements	1,296	508	788	892
	$11,397	$ 3,210	$ 8,187	$ 7,975

7. *Organizational Expenses.*

	Cost	Accumulated Amortization	Net Book Value 1984	Net Book Value 1983
	(Thousands of $)			
Automobile insurance division	$4,709	$2,825	$1,884	$2,119
General insurance division	2,595	448	2,147	1,420
	$7,304	$3,273	$4,031	$3,539

During the 1983 fiscal year the Corporation initiated a major project for the re-development of the general insurance system including the processing requirements for Special Risk Extension premiums and related statistics which was administered by the automobile insurance divison. The cost of this project is being capitalized and will be amortized at the straight-line rate of 5% per annum when the new system is operational.

The organizational expenses for the Special Risk Extension, automobile insurance division, incurred in the previous year have been transferred to the general insurance division.

8. *Reserves for Catastrophes and Contingencies.*

These reserves will assist in protecting the Corporation against future catastrophic losses and unforeseen events that may arise.

9. *Reserve for Rate Stabilization.*

This reserve may be utilized to offset increases in insurance rates or for providing increased benefits under the automobile plan.

10. *Share Cost Agreements.*

Administrative costs associated with driver and motor vehicle systems and basic commissions and flat fees paid to agents have been shared with The Division of Driver & Vehicle Licencing based on a share cost agreement. These agreements are currently under review. The net recovery for the 1984 fiscal year is recorded on a basis consistent with prior years.

Auditors' Report

The Board of Directors,
The Manitoba Public Insurance Corporation.

We have examined the balance sheet of The Manitoba Public Insurance Corporation as at October 31, 1984, and the statements of operations, retained earnings (deficit) and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at October 31, 1984, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Mac Gillivray & Co.

Chartered Accountants
Winnipeg, Manitoba
January 11, 1985

Five Year Comparison of Financial Statistics

Automobile Insurance Division

(THOUSANDS OF $)

	1984	1983	1982	1981	1980
Premiums Written	**195,371**	186,206	175,073	157,807	130,390
Premiums Earned	**189,956**	182,131	169,376	148,237	126,562
Investment Income	**30,067**	24,277	22,654	17,747	13,588
Claims Costs	**178,852**	173,511	156,712	144,309	127,448
Premium Taxes	**5,746**	5,516	4,520	3,051	2,600

General Insurance Division

(THOUSANDS OF $)

	1984	1983	1982	1981	1980
Premiums Written	**32,671**	23,056	19,875	13,354	10,597
Premiums Earned	**31,466**	22,547	18,357	12,235	10,299
Investment Income	**3,548**	2,733	2,849	2,388	1,763
Claims Costs	**27,466**	15,662	14,015	9,015	7,064
Premium Taxes	**962**	659	395	262	211

Administrative Offices and Claims Centres

Head Office
Brandon — 731 - 1st Street, R7A 6C3, 728-7120

Administrative Offices
Winnipeg — Box 6300
9th Floor, 330 Graham Avenue
R3C 4A4, 942-0331

Drive-In Claims Centres
Winnipeg —
445 King Street, R2W 5H2, 949-0872
125 King Edward Street E., R3H 0V9, 783-2114
930 St. Mary's Road, R2M 4A8, 257-8772
420 Pembina Highway, R3L 2E9, 475-1150
Brandon — 731 - 1st Street, R7A 6C3, 728-7120
Dauphin — Box 3000, 217 Industrial Road, R7N 2V5, 638-5111
Portage la Prairie — 2007 Saskatchewan Ave., W. R1N 3J9, 857-9751
Selkirk — 630 Sophia Street, R1A 2K1, 482-3839

Claims Offices
Flin Flon — Box 250, 8 Timber Lane Road, R8A 1M9, 687-7563
Steinbach — Box 2139, 110 Townline Road, R0A 2A0, 326-4453
Swan River — Box 1959, Highway #10 East, R0L 1Z0, 734-4574
The Pas — Box 9100, Otineka Shopping Mall, R9A 1R5, 623-6489
Thompson — Box 760, 80 Nelson Road, R8N 1N5, 778-7351
Winkler — Box 1990, 600 Memorial Drive, R0G 2X0, 325-9538

Commercial Automobile Claims
Winnipeg — 1981 Plessis Road, Box 32, Group 512, R2C 2Z2, 224-1291

Bodily Injury Claims Centre
Winnipeg — 8th Floor, 330 Graham Avenue, R3C 4A4, 942-0331

General Insurance Claims
Winnipeg — 8th Floor, 330 Graham Avenue, R3C 4A4, 942-0331

Salvage
Brandon — 731 - 1st Street, R7A 6C3, 728-7120
Dauphin — Box 3000, 217 Industrial Road, R7N 2V5, 638-5111
Winnipeg — 1981 Plessis Road, Box 32, Group 512, R2C 2Z2, 224-1291